

Senate Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 129

SENATE BILL 1531

AN ACT

REPEALING SECTION 15-2042, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 16, ARIZONA REVISED STATUTES, BY ADDING ARTICLES 10 AND 11; AMENDING SECTIONS 35-185.01, 35-313 AND 41-3018.19, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3026.01; APPROPRIATING MONIES; RELATING TO PUBLIC SCHOOL CREDIT ENHANCEMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Repeal

Section 15-2042, Arizona Revised Statutes, is repealed from and after September 1, 2017.

Sec. 2. Title 15, chapter 16, Arizona Revised Statutes, is amended by adding articles 10 and 11, to read:

ARTICLE 10. ACHIEVEMENT DISTRICT SCHOOLS

15-2141. Achievement district school application

A. THE CREDIT ENHANCEMENT ELIGIBILITY BOARD ESTABLISHED BY SECTION 15-2152 SHALL ESTABLISH AN APPLICATION PROCESS, APPLICATION FORMS AND SELECTION CRITERIA FOR A PUBLIC SCHOOL OR CHARTER SCHOOL TO QUALIFY AS AN ACHIEVEMENT DISTRICT SCHOOL FOR THE PURPOSES OF ARTICLE 11 OF THIS CHAPTER.

B. A PUBLIC SCHOOL OR CHARTER SCHOOL THAT MEETS ALL OF THE FOLLOWING CRITERIA IS ELIGIBLE TO QUALIFY AS AN ACHIEVEMENT DISTRICT SCHOOL:

1. HAS BEEN ASSIGNED A LETTER GRADE OF A, OR AN EQUIVALENT SUCCESSOR CLASSIFICATION, PURSUANT TO SECTION 15-241.

2. HAS PROVEN INSTRUCTIONAL STRATEGIES AND CURRICULA THAT DEMONSTRATE HIGH ACADEMIC OUTCOMES.

3. HAS A VERIFIABLE ENROLLMENT DEMAND, INCLUDING THE PLACEMENT OF PROSPECTIVE PUPILS ON A WAITING LIST.

4. HAS A SOUND FINANCIAL PLAN THAT CONTEMPLATES OPERATIONAL COSTS AND FUTURE ENROLLMENT GROWTH.

5. HAS SHOWN A COMMITMENT TO PROVIDE TECHNICAL ASSISTANCE, INCLUDING BUSINESS SERVICES, CURRICULUM DEVELOPMENT AND TEACHER TRAINING, TO AN UNDERPERFORMING SCHOOL IN THE STATE.

6. MEETS ANY OTHER CRITERIA ESTABLISHED BY THE CREDIT ENHANCEMENT ELIGIBILITY BOARD.

C. THE CREDIT ENHANCEMENT ELIGIBILITY BOARD SHALL MEET REGULARLY TO EVALUATE ACHIEVEMENT DISTRICT SCHOOL APPLICATIONS AND SHALL EITHER APPROVE OR DENY EACH APPLICATION SUBMITTED. THE BOARD SHALL REPORT ITS DECISION ON EACH APPLICATION TO THE PUBLIC SCHOOL OR CHARTER SCHOOL WITHIN TEN BUSINESS DAYS AFTER THE BOARD'S DECISION.

D. IF A SCHOOL'S APPLICATION IS APPROVED PURSUANT TO THIS SECTION, THE SCHOOL QUALIFIES AS AN ACHIEVEMENT DISTRICT SCHOOL AND IS ELIGIBLE TO APPLY FOR PARTICIPATION IN THE ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT PROGRAM ESTABLISHED BY SECTION 15-2155.

ARTICLE 11. ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT PROGRAM

15-2151. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "ACHIEVEMENT DISTRICT SCHOOL" MEANS A PUBLIC SCHOOL OR A CHARTER SCHOOL THAT HAS QUALIFIED AS AN ACHIEVEMENT DISTRICT SCHOOL PURSUANT TO ARTICLE 10 OF THIS CHAPTER AND THAT HAS SUBMITTED AN APPLICATION WITH THE BOARD PURSUANT TO THIS ARTICLE TO OBTAIN GUARANTEED FINANCING.

1 2. "BOARD" MEANS THE CREDIT ENHANCEMENT ELIGIBILITY BOARD ESTABLISHED
2 BY SECTION 15-2152.

3 3. "FUND" MEANS THE ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT FUND
4 ESTABLISHED BY SECTION 15-2154.

5 4. "GUARANTEED FINANCING" MEANS DEBT OBLIGATIONS THAT ARE ISSUED BY OR
6 ON BEHALF OF A PUBLIC SCHOOL OR A CHARTER SCHOOL TO ACQUIRE, CONSTRUCT,
7 RENOVATE, EQUIP, REFINANCE OR IMPROVE CAPITAL FACILITIES AND FOR WHICH THE
8 BOARD HAS APPROVED A GUARANTEE OF ALL OR A PORTION OF THE PRINCIPAL AND
9 INTEREST PAYMENTS PURSUANT TO THE PROGRAM.

10 5. "PROGRAM" MEANS THE ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT
11 PROGRAM ESTABLISHED BY SECTION 15-2155.

12 6. "PROGRAM FUNDING OBLIGATIONS" MEANS PROGRAM FUNDING OBLIGATIONS
13 APPROVED AND ISSUED BY THE BOARD PURSUANT TO SECTION 15-2157.

14 7. "PROGRAM LEVERAGE RATIO" MEANS THE RATIO AT ANY TIME BETWEEN THE
15 AGGREGATE PRINCIPAL AMOUNT OF GUARANTEED FINANCINGS OUTSTANDING AND THE
16 AMOUNTS ON DEPOSIT IN THE FUND.

17 15-2152. Credit enhancement eligibility board; members

18 A. THE CREDIT ENHANCEMENT ELIGIBILITY BOARD IS ESTABLISHED CONSISTING
19 OF THE FOLLOWING MEMBERS:

20 1. THE GOVERNOR OR THE GOVERNOR'S DESIGNEE.

21 2. THE STATE TREASURER OR THE TREASURER'S DESIGNEE.

22 3. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE DIRECTOR'S
23 DESIGNEE.

24 B. MEMBERS OF THE BOARD ARE NOT ELIGIBLE TO RECEIVE COMPENSATION FOR
25 SERVICES PERFORMED PURSUANT TO THIS ARTICLE.

26 C. MEMBERS OF THE BOARD ARE PUBLIC OFFICERS WITH RESPECT TO THEIR
27 SERVICE ON THE BOARD AND ARE SUBJECT TO TITLE 38, CHAPTER 3, ARTICLE 8, AND
28 THE BOARD IS A PUBLIC BODY FOR THE PURPOSES OF TITLE 38, CHAPTER 3,
29 ARTICLE 3.1.

30 15-2153. Powers and duties of the board

31 A. THE BOARD IS A BODY CORPORATE AND POLITIC AND MAY HAVE AN OFFICIAL
32 SEAL THAT IS JUDICIALLY NOTICED.

33 B. THE BOARD MAY:

34 1. SUE AND BE SUED IN ITS OWN NAME.

35 2. CONTRACT AND ENTER INTO AGREEMENTS AS NECESSARY TO CARRY OUT ITS
36 RESPONSIBILITIES UNDER THIS ARTICLE.

37 3. CONTRACT WITH EXPERTS, ADVISERS, CONSULTANTS AND AGENTS, INCLUDING
38 FINANCIAL EXPERTS, LEGAL COUNSEL AND OTHER ADVISERS AND CONSULTANTS AS MAY BE
39 NECESSARY FOR SERVICES TO ASSIST THE BOARD.

40 4. MAKE AND EXECUTE CONTRACTS AND OTHER INSTRUMENTS NECESSARY OR
41 CONVENIENT FOR THE PERFORMANCE OF ITS DUTIES AND THE EXERCISE OF ITS POWER
42 AND FUNCTIONS.

43 5. PURSUANT TO SECTION 15-2155, APPROVE FINANCING FOR AN ACHIEVEMENT
44 DISTRICT SCHOOL AS GUARANTEED FINANCING UNDER THE PROGRAM.

1 6. DO ALL ACTS, WHETHER OR NOT EXPRESSLY AUTHORIZED, THAT MAY BE
2 DEEMED NECESSARY OR PROPER FOR THE PROTECTION OF THE MONIES IN THE ARIZONA
3 PUBLIC SCHOOL CREDIT ENHANCEMENT FUND, EXCEPT THAT THE BOARD MAY NOT TAKE ANY
4 ACTION THAT WOULD CREATE A GENERAL OR MORAL OBLIGATION OF THIS STATE OR ANY
5 AGENCY OF THE STATE.

6 7. CONTRACT WITH ANY ENTITY RELATING TO GUARANTEED FINANCINGS.

7 8. ISSUE PROGRAM FUNDING OBLIGATIONS PURSUANT TO SECTION 15-2157.

8 9. ADOPT RULES GOVERNING THE OPERATION OF THE PROGRAM.

9 10. TAKE ANY OTHER ACTION THAT IS NECESSARY OR APPROPRIATE TO CARRY
10 OUT THIS ARTICLE.

11 C. THE SCHOOL FACILITIES BOARD SHALL PROVIDE STAFF AS REQUESTED BY THE
12 BOARD TO SUPPORT THE ACTIVITIES OF THE CREDIT ENHANCEMENT ELIGIBILITY BOARD.
13 15-2154. Arizona public school credit enhancement fund;

14 purposes: exemption

15 A. THE ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT FUND IS ESTABLISHED
16 CONSISTING OF:

17 1. PAYMENTS OF PROGRAM PARTICIPATION FEES PAID BY SCHOOLS THAT HAVE
18 PARTICIPATED IN GUARANTEED FINANCINGS PURSUANT TO SECTION 15-2155.

19 2. REPAYMENTS OF MONIES OF THE FUND THAT ARE USED TO MAKE PAYMENTS OF
20 PRINCIPAL AND INTEREST ON GUARANTEED FINANCINGS PURSUANT TO SECTION 15-2156.

21 3. THE PROCEEDS OF PROGRAM FUNDING OBLIGATIONS ISSUED BY THE BOARD
22 PURSUANT TO SECTION 15-2157.

23 4. GIFTS, GRANTS AND DONATIONS RECEIVED FROM ANY PUBLIC OR PRIVATE
24 SOURCE TO CARRY OUT THE PURPOSES OF THIS ARTICLE.

25 5. INTEREST EARNINGS AND INVESTMENT INCOME EARNED ON MONIES IN THE
26 FUND.

27 6. ANY OTHER MONIES DISTRIBUTED, PAID OR DEPOSITED TO THE FUND BY LAW
28 OR PURSUANT TO CONTRACTS ARISING OUT OF A GUARANTEED FINANCING.

29 B. MONIES AND OTHER ASSETS OF THE FUND SHALL BE HELD AND DISBURSED
30 SEPARATE AND APART FROM ALL OTHER MONIES OR ASSETS OF THIS STATE OR POLITICAL
31 SUBDIVISIONS OF THIS STATE.

32 C. MONIES IN THE FUND SHALL BE USED FOR THE FOLLOWING PURPOSES:

33 1. BY THE STATE TREASURER TO MAKE PAYMENTS OF PRINCIPAL OR INTEREST ON
34 GUARANTEED FINANCINGS PURSUANT TO SECTION 15-2156.

35 2. BY THE BOARD AT ITS DIRECTION:

36 (a) TO PAY ANY OPERATIONAL OR ADMINISTRATIVE EXPENSES OF THE BOARD,
37 INCLUDING FEES FOR ADVISERS, RATING AGENCIES AND PROFESSIONALS RETAINED BY
38 THE BOARD.

39 (b) TO MAKE PAYMENTS TO BOND INSURERS TO PROVIDE MUNICIPAL BOND
40 INSURANCE GUARANTEEING THE TIMELY PAYMENT OF ALL OR A PORTION OF ANY
41 GUARANTEED FINANCING.

42 (c) TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST IN CONNECTION WITH ANY
43 PROGRAM FUNDING OBLIGATIONS.

1 D. THE STATE TREASURER SHALL ADMINISTER THE FUND AND SHALL DISBURSE
2 MONIES IN THE FUND AS REQUIRED BY SUBSECTION C, PARAGRAPH 1 OF THIS SECTION
3 AND AS DIRECTED BY THE BOARD PURSUANT TO SUBSECTION C, PARAGRAPH 2 OF THIS
4 SECTION. THE STATE TREASURER SHALL SEPARATELY ACCOUNT FOR MONIES RECEIVED
5 FROM EACH SOURCE LISTED IN SUBSECTION A OF THIS SECTION AND MAY ESTABLISH
6 ACCOUNTS AND SUBACCOUNTS AS NECESSARY TO PROPERLY ACCOUNT FOR AND USE MONIES
7 IN THE FUND.

8 E. MONIES RECEIVED PURSUANT TO SUBSECTION A OF THIS SECTION MAY NOT BE
9 USED FOR ANY PURPOSE EXCEPT GUARANTEEING OR MAKING PAYMENTS OF PRINCIPAL AND
10 INTEREST ON GUARANTEED FINANCINGS APPROVED BY THE BOARD AND ANY COSTS AND
11 EXPENSES OF THE PROGRAM OR THE BOARD AS PROVIDED IN THIS ARTICLE.

12 F. THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS
13 PROVIDED IN SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE
14 CREDITED TO THE FUND. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF
15 SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

16 15-2155. Arizona public school credit enhancement program;
17 eligibility; approval of financing; participation
18 fee

19 A. THE ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT PROGRAM IS ESTABLISHED
20 TO ASSIST ACHIEVEMENT DISTRICT SCHOOLS IN OBTAINING MORE FAVORABLE FINANCING
21 BY GUARANTEEING THE PAYMENT OF PRINCIPAL AND INTEREST ON GUARANTEED
22 FINANCINGS ISSUED BY OR ON BEHALF OF ACHIEVEMENT DISTRICT SCHOOLS.

23 B. TO BE CONSIDERED FOR A GUARANTEED FINANCING, AN ACHIEVEMENT
24 DISTRICT SCHOOL SHALL SUBMIT AN APPLICATION TO THE BOARD, ON A FORM AND IN
25 THE MANNER PRESCRIBED BY THE BOARD, THAT CONTAINS AT LEAST THE FOLLOWING
26 INFORMATION:

27 1. PROOF OF APPROVAL OF THE SCHOOL'S APPLICATION PURSUANT TO ARTICLE
28 10 OF THIS CHAPTER AT THE TIME OF APPLYING TO THE BOARD. A SCHOOL'S FAILURE
29 TO MAINTAIN ONGOING ACHIEVEMENT DISTRICT SCHOOL ELIGIBILITY DOES NOT IMPAIR
30 OR AFFECT THE VALIDITY OR ENFORCEABILITY OF THE PROGRAM GUARANTEE.

31 2. EXHIBITED SUSTAINABILITY IN THE FINANCIAL OPERATIONS OF THE SCHOOL
32 OVER AT LEAST TWO YEARS BASED ON FINANCIAL METRICS DETERMINED BY THE BOARD,
33 INCLUDING DAYS CASH ON HAND, THE RATIO OF OPERATING REVENUES TO DEBT SERVICE
34 OR THE RATIO OF THE FINANCED PROPERTY VALUE TO ANY DEBT BEING SECURED BY THE
35 PROPERTY.

36 3. FOR CHARTER SCHOOLS, DEMONSTRATED EXPERIENCE IN OPERATING AND
37 MANAGING CHARTER SCHOOLS WITH HIGH ACADEMIC OUTCOMES FOR AT LEAST TWO
38 CONSECUTIVE YEARS.

39 4. INFORMATION REGARDING THE PROPOSED GUARANTEED FINANCING BY OR ON
40 BEHALF OF THE SCHOOL, INCLUDING THE PLANNED TIMING OF THE FINANCING, SOURCES
41 AND USES OF MONIES, THE EXPECTED PRINCIPAL AND INTEREST PAYMENT DATES AND
42 AMOUNTS BY PAYMENT DATE, PLANS FOR FUNDING RESERVES, EXPECTED RATINGS, IF
43 ANY, AND ANY OTHER INFORMATION THAT WOULD BE USEFUL TO THE BOARD'S
44 DELIBERATIONS.

1 5. FOR CHARTER SCHOOLS, AN ACKNOWLEDGEMENT THAT THE GUARANTEED
2 FINANCING WILL INCLUDE A FULLY FUNDED DEBT SERVICE RESERVE EQUAL TO AT LEAST
3 THE MAXIMUM AMOUNT PERMITTED BY FEDERAL LAW IN CONNECTION WITH THE ISSUANCE
4 OF TAX EXEMPT OBLIGATIONS.

5 6. THE IDENTIFICATION OF ANY PROPERTY BEING PLEDGED AS COLLATERAL TO
6 THE GUARANTEED FINANCING AND THE VALUE OF THE PROPERTY.

7 7. ANY ADDITIONAL INFORMATION THAT THE BOARD DETERMINES TO BE
8 REASONABLE OR NECESSARY IN ORDER TO FULLY EVALUATE THE APPLICATION.

9 C. THE BOARD SHALL MEET REGULARLY TO EVALUATE APPLICATIONS AND SHALL
10 EITHER APPROVE OR REJECT EACH APPLICATION SUBMITTED. IN CONSIDERING THE
11 APPROVAL OF ANY APPLICATION, THE BOARD SHALL ENSURE, IF THE APPLICATION IS
12 APPROVED:

13 1. THAT THE PROGRAM LEVERAGE RATIO WILL NOT EXCEED A RATIO OF THREE
14 AND ONE-HALF TO ONE AS A RESULT OF THE APPROVAL OF THE GUARANTEED FINANCING
15 BEING CONSIDERED.

16 2. THAT, AFTER TEN GUARANTEED FINANCINGS HAVE BEEN APPROVED BY THE
17 BOARD, NOT MORE THAN TWENTY-FIVE PERCENT OF THE AGGREGATE PRINCIPAL AMOUNT OF
18 GUARANTEED FINANCINGS WILL BE RATED LESS THAN "BB-" OR A COMPARABLE RATING BY
19 A NATIONALLY RECOGNIZED BOND RATING AGENCY.

20 D. THE BOARD SHALL REPORT EACH DECISION ON EACH APPLICATION TO THE
21 ACHIEVEMENT DISTRICT SCHOOL WITHIN TEN BUSINESS DAYS AFTER THE BOARD'S
22 DECISION.

23 E. IF APPROVED BY THE BOARD FOR GUARANTEED FINANCING, EACH CHARTER
24 SCHOOL SHALL PAY AN ANNUAL PROGRAM PARTICIPATION FEE IN THE AMOUNT OF AT
25 LEAST 0.25 PERCENT OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE GUARANTEED
26 FINANCING IN ANY YEAR AS DETERMINED BY THE BOARD FOR AS LONG AS THE
27 GUARANTEED FINANCING IS OUTSTANDING. PROGRAM PARTICIPATION FEES FOR DISTRICT
28 PUBLIC SCHOOLS SHALL BE AS DETERMINED BY THE BOARD. PROGRAM PARTICIPATION
29 FEES DUE IN ANY YEAR SHALL BE PAID IN EQUAL AMOUNTS ON THE DATE THAT INTEREST
30 IS DUE AND PAYABLE TO INVESTORS UNDER THE GUARANTEED FINANCING OR AT SUCH
31 OTHER TIME AS MAY BE REQUIRED BY THE BOARD. PROGRAM PARTICIPATION FEES SHALL
32 BE PAID TO THE STATE TREASURER ON BEHALF OF THE PROGRAM FOR DEPOSIT IN THE
33 FUND.

34 F. THE TERMS AND CONDITIONS OF THE BOARD IN APPROVING A GUARANTEED
35 FINANCING MAY BE SET FORTH IN A WRITTEN AGREEMENT BETWEEN THE BOARD AND THE
36 ACHIEVEMENT DISTRICT SCHOOL.

37 15-2156. Payment of program guarantees; notification
38 requirements; repayment

39 A. ON ANY DRAW FROM THE DEBT SERVICE RESERVE FUND TO PAY PRINCIPAL OR
40 INTEREST ON A GUARANTEED FINANCING, THE BANK TRUSTEE, PAYING AGENT OR OTHER
41 FIDUCIARY FOR THE GUARANTEED FINANCING SHALL DELIVER WRITTEN NOTICE OF THE
42 DRAW TO THE BOARD AND TO THE STATE TREASURER WITHIN TEN BUSINESS DAYS AFTER
43 THE DRAW.

1 B. IF A SCHOOL DOES NOT EXPECT TO MAKE TIMELY PAYMENT OF PRINCIPAL OR
2 INTEREST ON ITS GUARANTEED FINANCING, AND AFTER ANY MONIES IN ANY DEBT
3 SERVICE RESERVE FUND SECURING THE GUARANTEED FINANCING ARE FULLY EXPENDED,
4 THE BANK TRUSTEE, PAYING AGENT OR OTHER FIDUCIARY RESPONSIBLE FOR PAYING THE
5 PRINCIPAL AND INTEREST TO INVESTORS ON THE GUARANTEED FINANCING, AT LEAST
6 FIVE BUSINESS DAYS BEFORE A DEBT SERVICE PAYMENT DATE ON THE GUARANTEED
7 FINANCING, SHALL NOTIFY THE BOARD AND THE STATE TREASURER IN WRITING OF THE
8 EXPECTED DEFICIENCY. WITHIN TWO BUSINESS DAYS AFTER RECEIPT OF THE NOTICE,
9 THE STATE TREASURER SHALL PAY FROM THE FUND TO THE BANK TRUSTEE, PAYING AGENT
10 OR OTHER FIDUCIARY THE AMOUNT TO BE USED SOLELY FOR MAKING PAYMENT OF
11 PRINCIPAL OR INTEREST ON THE GUARANTEED FINANCING.

12 C. IF THE STATE TREASURER MAKES A PAYMENT IN CONNECTION WITH A
13 GUARANTEED FINANCING FROM THE FUND PURSUANT TO SUBSECTION B OF THIS SECTION,
14 THE SCHOOL ON WHOSE BEHALF THE PAYMENT WAS MADE SHALL REPAY THE AMOUNT OF THE
15 PAYMENT PLUS INTEREST AT A RATE THAT IS ONE HUNDRED BASIS POINTS HIGHER THAN
16 THE TRUE INTEREST RATE ON THE GUARANTEED FINANCING AS DETERMINED BY THE
17 BOARD. REPAYMENT SHALL BE MADE IN EQUAL MONTHLY INSTALLMENTS OVER A
18 TWELVE-MONTH PERIOD OR ANOTHER PERIOD AS DETERMINED BY THE BOARD. THE
19 REPAYMENTS SHALL BE MADE TO THE STATE TREASURER FOR DEPOSIT IN THE
20 FUND. AFTER THE STATED REPAYMENT PERIOD, ANY OUTSTANDING REPAYMENT BALANCE
21 SHALL BECOME IMMEDIATELY DUE AND PAYABLE. ANY REPAYMENT AMOUNT OWED TO THE
22 FUND THAT IS NOT OTHERWISE PAID REMAINS A LAWFUL OBLIGATION OF THE SCHOOL AND
23 SHALL BE PAID FROM ANY OTHER MONIES LAWFULLY AVAILABLE TO THE SCHOOL.

24 D. IN EXCHANGE FOR THE GUARANTEE OF THE PAYMENT OF AMOUNTS DUE ON
25 GUARANTEED FINANCING ISSUED BY OR ON BEHALF OF AN ACHIEVEMENT DISTRICT
26 SCHOOL, THE BOARD AND THE FUND ARE ENTITLED TO PROTECTIONS AND REMEDIES
27 RELATING TO THE REPAYMENT OF THE AMOUNT, IF ANY, PAID FROM THE FUND WITH
28 RESPECT TO THE GUARANTEED FINANCING, AND THE PAYMENT OF PROGRAM PARTICIPATION
29 FEES. THE PROTECTIONS AND REMEDIES MAY INCLUDE ONE OR MORE OF THE FOLLOWING:

30 1. THE RIGHT TO ALL OR A PORTION OF THE PROCEEDS FROM THE SALE OR
31 LEASE OF ANY PROPERTY SERVING AS COLLATERAL FOR A GUARANTEED FINANCING.

32 2. THE RIGHT TO INTERCEPT ANY PAYMENTS OR MONIES OTHERWISE PAYABLE TO
33 THE SCHOOL.

34 3. THE RIGHT TO ANY INSURANCE PROCEEDS OTHERWISE PAYABLE TO THE
35 SCHOOL.

36 E. ON REQUEST OF THE BOARD, THE ATTORNEY GENERAL SHALL TAKE ANY
37 ACTIONS NECESSARY TO ENFORCE REPAYMENT OF FUND MONIES BY A SCHOOL.

38 15-2157. Program funding obligations: immunity

39 A. THE BOARD MAY DELIVER NONNEGOTIABLE PROGRAM FUNDING OBLIGATIONS IN
40 ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN EIGHTY
41 MILLION DOLLARS.

42 B. THE BOARD SHALL SELL ANY PROGRAM FUNDING OBLIGATIONS PRESCRIBED IN
43 SUBSECTION A OF THIS SECTION TO THE STATE TREASURER, AND THE STATE TREASURER
44 SHALL BUY SUCH OBLIGATIONS AS AN ALLOWABLE INVESTMENT OF THE FUND. THE TOTAL

1 PRINCIPAL AMOUNT OF PROGRAM FUNDING OBLIGATIONS OUTSTANDING AT ANY ONE TIME
2 MAY NOT EXCEED EIGHTY MILLION DOLLARS. THE BOARD MAY REISSUE TO THE STATE
3 TREASURER ANY CALLED PROGRAM FUNDING OBLIGATIONS ON THE SAME TERMS AS THE
4 OBLIGATIONS THAT WERE CALLED AND IN A PRINCIPAL AMOUNT THAT DOES NOT EXCEED
5 THE PRINCIPAL AMOUNT CALLED.

6 C. THE BOARD SHALL AUTHORIZE EACH PROGRAM FUNDING OBLIGATION BY A
7 RESOLUTION THAT SETS FORTH:

- 8 1. THE RATE OR RATES OF INTEREST.
- 9 2. THE DATE OR DATES OF MATURITY.
- 10 3. THE TERMS OF REDEMPTION.
- 11 4. THE FORM AND MANNER OF EXECUTION OF THE PROGRAM FUNDING OBLIGATION.
- 12 5. ANY TERMS NECESSARY TO SECURE CREDIT ENHANCEMENT OR OTHER SOURCES
13 OF PAYMENT OR SECURITY.

14 6. ANY OTHER TERMS DEEMED NECESSARY OR ADVISABLE BY THE BOARD.

15 D. THE INTEREST RATE TO BE PAID ON PROGRAM FUNDING OBLIGATIONS
16 AUTHORIZED BY THE BOARD PURSUANT TO SUBSECTION C OF THIS SECTION SHALL BE
17 EQUAL TO THE SUM OF THE FOLLOWING:

18 1. THE ACTUAL RATE OF INTEREST EARNED BY THE STATE TREASURER ON THE
19 INVESTMENT OF THE PROCEEDS FROM THE SALE OF THE PROGRAM FUNDING OBLIGATIONS.

20 2. FOR ANY PERIOD DURING WHICH GUARANTEED FINANCINGS ARE OUTSTANDING,
21 AN ADDITIONAL INTEREST RATE OF AT LEAST ONE HUNDRED BASIS POINTS AS
22 DETERMINED BY THE BOARD.

23 E. THE PRINCIPAL OF AND INTEREST ON THE PROGRAM FUNDING OBLIGATIONS
24 SHALL BE SECURED BY AND PAID FROM MONIES DEPOSITED IN THE FUND, ON THE TERMS
25 SET FORTH IN THE RESOLUTION, AND ARE SUBORDINATE TO ANY PAYMENTS THAT ARE
26 NECESSARY TO BE MADE FOR GUARANTEED FINANCINGS. PRINCIPAL PAYMENTS SHALL BE
27 PAID ON A BASIS PROPORTIONAL TO THE REDUCTION IN OUTSTANDING PRINCIPAL OF
28 GUARANTEED FINANCINGS UNDER THE PROGRAM. INTEREST SHALL BE PAID ON AN ANNUAL
29 OR MORE FREQUENT BASIS AS SET FORTH IN THE RESOLUTION OF THE BOARD. THE
30 MONIES PLEDGED UNDER THIS SECTION TO THE PROGRAM FUNDING OBLIGATIONS ARE
31 IMMEDIATELY SUBJECT TO THE LIEN OF THE PLEDGE WITHOUT ANY FUTURE PHYSICAL
32 DELIVERY OR FURTHER ACT. A LIEN OF ANY PLEDGE IS VALID AND BINDING AGAINST
33 ALL PARTIES HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT OR OTHERWISE AGAINST
34 THE BOARD IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN. WHEN
35 PLACED IN THE BOARD'S RECORDS, THE RESOLUTION BY WHICH THE PLEDGE IS CREATED
36 IS NOTICE TO ALL CONCERNED OF THE CREATION OF THE PLEDGE.

37 F. PROGRAM FUNDING OBLIGATIONS SHALL BE SOLD AT PRIVATE SALE TO THE
38 STATE TREASURER AT A PRICE AND ON TERMS PROVIDED BY THE BOARD IN ITS
39 RESOLUTION PURSUANT TO THIS SECTION. THE PROCEEDS FROM THE SALE OF PROGRAM
40 FUNDING OBLIGATIONS SHALL BE DEPOSITED INTO THE FUND AND MAY BE USED FOR THE
41 PURPOSES OF THE FUND AS SET FORTH IN SECTION 15-2154.

42 G. PROGRAM FUNDING OBLIGATIONS ARE:

- 43 1. SPECIAL OBLIGATIONS OF THE BOARD.

1 2. NOT OBLIGATIONS THAT ARE GENERAL, SPECIAL OR OTHERWISE OF THIS
2 STATE.

3 3. NOT A LEGAL DEBT OF THIS STATE.

4 4. PAYABLE AND ENFORCEABLE ONLY FROM THE MONIES AND FUND PLEDGED AND
5 ASSIGNED BY THE BOARD IN ITS RESOLUTION.

6 H. ANY MEMBER OF THE BOARD OR A PERSON EXECUTING A PROGRAM FUNDING
7 OBLIGATION IS NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE PROGRAM FUNDING
8 OBLIGATION.

9 15-2158. Quarterly reports

10 WITHIN THIRTY DAYS AFTER THE LAST DAY OF EACH CALENDAR QUARTER, THE
11 SCHOOL FACILITIES BOARD STAFF, IN COLLABORATION WITH THE CREDIT ENHANCEMENT
12 ELIGIBILITY BOARD, SHALL SUBMIT TO THE SPEAKER OF THE HOUSE OF
13 REPRESENTATIVES, THE PRESIDENT OF THE SENATE, THE DIRECTOR OF THE JOINT
14 LEGISLATIVE BUDGET COMMITTEE AND THE DIRECTOR OF THE GOVERNOR'S OFFICE OF
15 STRATEGIC PLANNING AND BUDGETING A QUARTERLY REPORT ON THE IMPLEMENTATION OF
16 THE PROGRAM PURSUANT TO THIS ARTICLE. THE QUARTERLY REPORT SHALL INCLUDE AT
17 LEAST THE FOLLOWING INFORMATION:

18 1. A LISTING OF ALL OUTSTANDING GUARANTEED FINANCINGS APPROVED BY THE
19 BOARD, INCLUDING THE FOLLOWING INFORMATION FOR EACH FINANCING:

20 (a) THE NAME OF THE PUBLIC SCHOOL OR CHARTER SCHOOL BY OR ON BEHALF OF
21 WHICH THE DEBT OBLIGATION WAS ISSUED.

22 (b) THE DATE OF THE ISSUANCE.

23 (c) THE ORIGINAL AMOUNT OF THE ISSUANCE.

24 (d) THE INTEREST RATE OF THE ISSUANCE.

25 (e) THE TERM LENGTH OF THE ISSUANCE.

26 (f) THE CREDIT RATING OF THE ISSUANCE.

27 (g) THE AMOUNT OF PRINCIPAL AND INTEREST DUE ON THE DEBT OBLIGATION IN
28 THE CURRENT FISCAL YEAR.

29 (h) THE PURPOSE FOR WHICH THE DEBT OBLIGATION WAS ISSUED, SEPARATELY
30 DELINEATED FOR OBLIGATIONS TO CONSTRUCT NEW CAPITAL FACILITIES, RENOVATE
31 EXISTING CAPITAL FACILITIES OR REFINANCE EXISTING DEBT OBLIGATIONS.

32 (i) THE CURRENT OUTSTANDING PRINCIPAL OF THE DEBT OBLIGATION.

33 2. A LISTING OF ALL GUARANTEED FINANCINGS SUBJECT TO SECTION 15-2156
34 IN THE PRIOR QUARTER, INCLUDING THE AMOUNTS DISBURSED FOR PAYMENT OF
35 PRINCIPAL AND INTEREST FOR THE GUARANTEED FINANCING AND THE TERMS AND
36 CONDITIONS THE SCHOOL IS SUBJECT TO UNDER SECTION 15-2156, SUBSECTIONS C, D
37 AND E.

38 3. THE CURRENT BALANCE OF THE ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT
39 FUND.

40 4. THE CURRENT PROGRAM LEVERAGE RATIO.

1 Sec. 3. Section 35-185.01, Arizona Revised Statutes, is amended to
2 read:

3 35-185.01. Treasurer's warrant notes; form; redemption;
4 exception

5 A. If no monies are available for payment of warrants or electronic
6 funds transfer vouchers of the department of administration presented to the
7 state treasurer pursuant to section 35-185, the treasurer in lieu of payment
8 shall issue and shall exchange or sell a treasurer's warrant note or notes in
9 the amount or amounts equal to the sum of the face value of the warrants or
10 electronic funds transfer vouchers presented for payment. Treasurer's
11 warrant notes shall be issued in lieu of payment of general fund warrants or
12 electronic funds transfer vouchers only or in exchange for previously issued
13 treasurer's warrant notes. Before issuing warrant notes, the state treasurer
14 is not required to divest from PROGRAM FUNDING OBLIGATIONS ISSUED PURSUANT TO
15 SECTION 15-2157, board funding obligations issued pursuant to section
16 28-7678, monies in the budget stabilization fund or operating monies invested
17 in securities that are earning a rate of interest greater than the cost of
18 issuing warrant notes. For the purposes of this subsection, "no monies are
19 available" means no operating cash balance is available to pay warrants
20 except for those operating monies invested in PROGRAM FUNDING OBLIGATIONS
21 ISSUED PURSUANT TO SECTION 15-2157, board funding obligations issued pursuant
22 to section 28-7678, monies in the budget stabilization fund or operating
23 monies invested in securities that are earning a rate of interest greater
24 than the total cost of issuing any warrant notes.

25 B. The face value of a treasurer's warrant note may be equal to the
26 sum of any combination of warrants presented for payment. The treasurer may
27 sell warrant notes at public or private sale and shall use the proceeds of
28 the sale for payment of warrants previously presented pursuant to section
29 35-185. Treasurer's warrant notes shall not be sold at a price below their
30 face value.

31 C. Each treasurer's warrant note sold or exchanged shall be dated the
32 date the respective warrants are presented for payment. If the date of
33 delivery of a treasurer's warrant note that is sold is later than the date of
34 presentment of the respective warrant or warrants, the purchaser of the
35 treasurer's warrant note shall pay the accrued interest as an additional
36 purchase price. The accrued interest shall be paid to the holder of the
37 respective unpaid warrant or warrants, which shall be deemed to bear interest
38 at the same rate as the respective treasurer's warrant note from presentment
39 to payment from the proceeds of warrant notes sold.

40 D. The treasurer shall establish a maturity date for each treasurer's
41 warrant note of not longer than ninety days from the date of initial
42 issue. The treasurer may specify that treasurer's warrant notes may be
43 called for redemption at any time before the specified maturity date.

E. The treasurer shall pay interest from the treasurer's warrant note redemption fund on the face value of each warrant note at the rate established by the state treasurer at the time of issuing the warrant note. Interest shall be paid from the date of the treasurer's warrant note until the maturity date or redemption date. The treasurer shall establish the interest rate before the exchange or sale of warrant notes at a rate not in excess of the maximum rate permitted by the state loan commissioners.

F. The state loan commissioners, at a meeting called and chaired by the state treasurer, shall fix or change the maximum rate of interest that may be paid on warrant notes. No change of the maximum allowable rate of interest as established by the state loan commissioners shall affect warrant notes issued before the date of the change.

G. Each treasurer's warrant note shall be signed by the treasurer or the treasurer's designated agent and countersigned by the director of the department of administration or the director's designated agent. The required signatures may be electronic signatures. All treasurer's warrant notes shall be substantially in the following form:

Treasurer's warrant note
(20__ to ____ fiscal year)
Number _____
Phoenix, Arizona _____, 20__
On _____, 20__, the treasurer of the state of
Arizona will pay to the order of _____ at
_____ \$ _____ with
interest at _____ per annum from the date of issuance until
paid (calculated on a 365/366 day basis).
(insert early redemption provisions)

_____ (Countersigned) Director of the department of administration	_____ State Treasurer
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H. Treasurer's warrant notes may be exchanged or sold for the combined face value of any number of treasurer's warrant notes previously issued. Except for those treasurer's warrant notes issued in exchange for or to redeem treasurer's warrant notes previously issued, no treasurer's warrant notes may be issued, exchanged or sold except in payment of or to provide monies for the payment of a warrant or warrants presented for payment as provided in section 35-185.

I. Treasurer's warrant notes issued in any fiscal year shall be numbered consecutively beginning with the number one. Treasurer's warrant notes shall be redeemed in numerical order. If the treasurer has sufficient monies to pay only a portion of the lowest numbered outstanding warrant note, he may deposit the monies with the paying agent pursuant to subsection K of

1 this section or call in the lowest numbered warrant note, before maturity
2 according to its terms, and pay the bearer the amount available and issue to
3 the bearer a new warrant note bearing a number that will preserve, for the
4 new warrant note, the priority of the partially paid warrant note and bearing
5 a value equal to the amount of principal and interest remaining unpaid. The
6 new warrant note and the partial payment of principal and interest on the
7 partially paid warrant note shall be exchanged for the partially paid warrant
8 note. The new warrant note shall pay interest at the same rate as the
9 partially paid warrant note. The treasurer may make the changes in the form
10 and date of the new warrant note as necessary to reflect the amount of unpaid
11 interest on the partially paid warrant note.

12 J. The treasurer may include in the form of the treasurer's warrant
13 notes such provisions regarding the redemption and payment of treasurer's
14 warrant notes before maturity as are consistent with subsections I and K of
15 this section and section 35-185.02. If prior redemption is to be a provision
16 of a treasurer's warrant note, the note shall provide a method of
17 notification of the holder of the note by publication or written, telegraphic
18 or electronic means as chosen by the treasurer.

19 K. The treasurer may appoint a paying agent for the purpose of
20 facilitating the redemption and payment of treasurer's warrant notes. Monies
21 deposited with the paying agent shall be allocated to the payment of the
22 principal of, interest on and any prior redemption premiums associated with
23 treasurer's warrant notes in numerical order. A treasurer's warrant note
24 shall be deemed paid for all purposes of this section and section 35-185.02
25 when there is deposited with the paying agent sufficient monies to pay all
26 amounts when due on the treasurer's warrant note and all amounts when due on
27 all outstanding treasurer's warrant notes bearing a lower number. A paying
28 agent appointed pursuant to this subsection shall provide security deposits
29 as required by the treasurer.

30 L. When the treasurer or the paying agent, if payment is made to a
31 paying agent, pursuant to subsection K of this section, pays treasurer's
32 warrant notes or when the warrant notes are redeemed he shall mark on the
33 face of the treasurer's warrant notes the word "cancelled" or cancel the
34 warrant notes by electronic means indicating the date of cancellation and
35 shall promptly present the notes to the director of the department of
36 administration who shall give the state treasurer a receipt therefor.

37 M. If the state loan commissioners determine that it will result in a
38 lower net effective interest rate on one, some or all warrant notes to be
39 issued by the treasurer during the current fiscal year, the commissioners may
40 authorize the treasurer to purchase letters of credit and to incur and pay
41 insurance premiums, attorney fees or other related costs incurred with
42 respect to treasurer's warrant notes. All such payments shall be treated in
43 the same manner as interest to be paid on treasurer's warrant notes and shall
44 be paid from the treasurer's warrant note redemption fund.

1 N. If treasurer's warrant notes are to be exchanged for warrants held
 2 by banks or savings and loan associations, the treasurer may enter into
 3 agreements with such banks or savings and loan associations to provide for
 4 the issuance, reissuance and custody of treasurer's warrant notes, the fixing
 5 of the interest rates on the treasurer's warrant notes and the method of
 6 giving notice to the holders of the notes. Such agreements may provide for a
 7 book entry system for the treasurer's warrant notes or may provide for the
 8 issuance of one note with an appropriate grid on the reverse, which shall
 9 show the advancements made by the banks or savings and loan associations and
 10 also the payments of interest and reductions of principal. Such agreements
 11 may be continuing in nature, may be executed at any time and may apply to any
 12 treasurer's warrant notes exchanged for either warrants or treasurer's
 13 warrant notes at any time during the remainder of the fiscal year in which
 14 the agreement is made. The agreements shall provide a method to preserve the
 15 priority of, interest rate on and other terms of each treasurer's warrant
 16 note exchanged pursuant to the agreement. No such agreement shall become
 17 effective until approved by the state loan commissioners.

18 Sec. 4. Section 35-313, Arizona Revised Statutes, is amended to read:

19 35-313. Investment of trust and treasury monies; loan of
 20 securities

21 A. The state treasurer shall invest and reinvest trust and treasury
 22 monies in any of the following items:

23 1. Obligations issued or guaranteed by the United States or any of its
 24 agencies, sponsored agencies, corporations, sponsored corporations or
 25 instrumentalities.

26 2. Collateralized repurchase agreements purchased from securities
 27 dealers that make markets in those securities listed in paragraph 1 of this
 28 subsection.

29 3. Bonds or other evidences of indebtedness of this state or any of
 30 the counties or incorporated cities, towns or duly organized school
 31 districts.

32 4. Commercial paper whose issuer is rated in one of the two highest
 33 rating categories for short-term obligations by any two nationally recognized
 34 statistical rating organizations.

35 5. Bills of exchange or time drafts known as bankers acceptances that
 36 are drawn on and accepted by a commercial bank.

37 6. Negotiable certificates of deposit issued by a nationally or state
 38 chartered bank or savings and loan association.

39 7. Bonds, debentures, notes or other evidences of indebtedness that
 40 are denominated in United States dollars and that carry an investment grade
 41 rating by a nationally recognized bond rating agency.

42 8. Securities of or any other interests in any open-end or closed-end
 43 management type investment company or investment trust, including exchange
 44 traded products whose underlying investments are invested in securities

1 allowed by state law, registered under the investment company act of 1940 (54
2 Stat. 789; 15 United States Code sections 80a-1 through 80a-64), as amended.
3 For any treasurer investment pool that seeks to maintain a constant share
4 price, both of the following apply:

5 (a) The investment company or investment trust takes delivery of the
6 collateral for any repurchase agreement either directly or through an
7 authorized custodian.

8 (b) The investment policy of the investment company or investment
9 trust includes seeking to maintain a constant share price.

10 9. Certificates of deferred property taxes as provided by section
11 42-17309.

12 10. Treasurer's warrant notes issued pursuant to section 35-185.01 or
13 registered warrants of a county issued pursuant to section 11-605, if the
14 yield is equal to or greater than yields on eligible investment instruments
15 of comparable maturities.

16 11. Shares in the treasurer's local government investment pools
17 pursuant to section 35-326 provided that investment policies of the pool seek
18 to maintain a constant share price.

19 12. Shares in the treasurer's long-term local government investment
20 pools, which terms are determined by the state board of investment, pursuant
21 to section 35-326.01.

22 13. Subject to subsection D of this section, state transportation board
23 funding obligations delivered pursuant to section 28-7678.

24 14. Deposits placed in accordance with the procedures prescribed in
25 section 35-323.01.

26 15. Institutional common trust funds whose underlying investments are
27 invested in securities allowed by state law.

28 16. PROGRAM FUNDING OBLIGATIONS DELIVERED BY THE CREDIT ENHANCEMENT
29 ELIGIBILITY BOARD PURSUANT TO SECTION 15-2157.

30 B. In case of default or failure to honor a county treasurer's
31 warrant, the state treasurer may withhold the first state shared revenues
32 that would otherwise be distributed to the defaulting county in the amount
33 necessary to honor the note, including accrued interest to and beyond the
34 date of default.

35 C. The state treasurer may contract to loan securities owned by the
36 trust funds and operating monies deposited in the investment pools pursuant
37 to section 35-316, subsection B to the financial or dealer community through
38 one or more of the entities listed in section 35-317, subsection A, or
39 authorized by the board of investment pursuant to section 35-311, subsection
40 E, if the borrower transfers collateral to the state treasurer or acting
41 agent of the state in the form of cash or securities specified in subsection
42 A of this section. Collateral posted in the form of cash shall be in an
43 amount equal to at least one hundred percent of the market value of the
44 loaned securities as agreed. Collateral posted in the form of securities

1 shall be in an amount of no more than one hundred ten percent of the market
 2 value of the loaned securities as established from time to time by the board
 3 of investment. The loaned securities shall be valued as to market value
 4 daily, and, if necessary, the borrower shall post additional collateral, as
 5 agreed, to ensure that the required margin is maintained. The state
 6 treasurer may collect from the borrower all dividends, interest, premiums,
 7 rights and other distributions to which the lender of securities would
 8 otherwise be entitled. The state treasurer may terminate the contract on not
 9 less than five business days' notice, as agreed, and the borrower may
 10 terminate the contract on not less than two business days' notice, as agreed.

11 D. The state treasurer shall invest operating monies in state
 12 transportation board funding obligations delivered pursuant to section
 13 28-7678 pursuant to the following:

14 1. The state treasurer shall liquidate investments of operating monies
 15 if necessary in order to invest in state transportation board funding
 16 obligations, except that if operating monies in the state general fund fall
 17 below an eight hundred million dollar average over the previous twelve
 18 consecutive months, the state treasurer is not required to purchase state
 19 transportation board funding obligations pursuant to this subsection.

20 2. Each series of state transportation board funding obligations shall
 21 bear interest at a fixed interest rate equal to the mean bid-ask price of the
 22 United States treasury obligation with a maturity date closest to the
 23 maturity date of the state transportation board funding obligation as
 24 determined by the pricing system used by the state treasurer before the date
 25 the state treasurer receives a certificate from the state transportation
 26 board that states the board's determination to deliver an obligation to the
 27 state treasurer and the anticipated delivery date of the obligation. The
 28 delivery date shall be between fifteen and sixty days after the day the state
 29 treasurer receives the certificate.

30 3. The state treasurer shall provide written notice to the state
 31 transportation board and the director of the department of transportation
 32 when the operating monies fall below four hundred million dollars. If
 33 operating monies fall below two hundred million dollars, the state treasurer
 34 may call the investment in the state transportation board funding obligations
 35 in twenty-five million dollar increments up to the amount that the operating
 36 monies are below two hundred million dollars. The state treasurer shall give
 37 the state transportation board and the director of the department of
 38 transportation at least fifteen days' notice of the call.

39 Sec. 5. Section 41-3018.19, Arizona Revised Statutes, is amended to
 40 read:

41 41-3018.19. School facilities board; termination July 1, 2018

42 A. The school facilities board terminates on July 1, 2018.

43 B. Title 15, chapter 16, ~~is~~ ARTICLES 1, 2, 3, 4, 5, 6, 7, 8 AND 9 ARE
 44 repealed on January 1, 2019 only if either:

1 1. The board has no outstanding state school facilities revenue bonds
2 issued pursuant to title 15, chapter 16, article 6, no outstanding state
3 school improvement revenue bonds issued pursuant to title 15, chapter 16,
4 article 7 and no outstanding lease-to-own transactions pursuant to sections
5 15-2004, 15-2005 and 15-2006.

6 2. The legislature has otherwise provided for paying or retiring any
7 outstanding state school facilities revenue bonds, any outstanding state
8 school improvement revenue bonds and any outstanding lease-to-own
9 transactions.

10 C. If neither of the conditions in subsection B of this section have
11 occurred on or before January 1, 2019, title 15, chapter 16, ~~is~~ ARTICLES 1,
12 2, 3, 4, 5, 6, 7, 8 AND 9 ARE repealed thirty days after the retirement of
13 all revenue bonds issued pursuant to title 15, chapter 16, articles 6 and 7
14 and any outstanding lease-to-own transactions issued pursuant to sections
15 15-2004, 15-2005 and 15-2006.

16 Sec. 6. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
17 amended by adding section 41-3026.01, to read:

18 41-3026.01. Credit enhancement eligibility board; termination
19 July 1, 2026

20 A. THE CREDIT ENHANCEMENT ELIGIBILITY BOARD TERMINATES ON
21 JULY 1, 2026.

22 B. TITLE 15, CHAPTER 16, ARTICLES 10 AND 11 ARE REPEALED ON JANUARY 1,
23 2027 ONLY IF BOTH OF THE FOLLOWING APPLY:

24 1. THE BOARD HAS NO OUTSTANDING PROGRAM FUNDING OBLIGATIONS ISSUED
25 PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 11 OR THE LEGISLATURE HAS OTHERWISE
26 PROVIDED FOR PAYING OR RETIRING ANY OUTSTANDING PROGRAM FUNDING OBLIGATIONS
27 ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 11.

28 2. THERE ARE NO OUTSTANDING GUARANTEED FINANCINGS APPROVED PURSUANT TO
29 TITLE 15, CHAPTER 16, ARTICLE 11.

30 C. IF BOTH OF THE CONDITIONS IN SUBSECTION B OF THIS SECTION DO NOT
31 EXIST ON JANUARY 1, 2027, TITLE 15, CHAPTER 16, ARTICLES 10 AND 11 ARE
32 REPEALED THIRTY DAYS AFTER BOTH OF THE CONDITIONS IN SUBSECTION B OF THIS
33 SECTION ARE MET.

34 Sec. 7. Purpose

35 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
36 the legislature establishes the credit enhancement eligibility board to
37 assist public schools in obtaining more favorable financing.

38 Sec. 8. Exemption from rulemaking

39 For the purposes of this act, the credit enhancement eligibility board
40 established by section 15-2152, Arizona Revised Statutes, as added by this
41 act, is exempt from the rulemaking requirements of title 41, chapter 6,
42 Arizona Revised Statutes, for two years after the effective date of this act.

1 Sec. 9. Fund balance transfer

2 Notwithstanding any other law, the amount of \$23,900,000 is transferred
3 from the access our best public schools fund established by section 15-2042,
4 Arizona Revised Statutes, as repealed by this act, in fiscal year 2016-2017
5 to the Arizona public school credit enhancement fund established by section
6 15-2154, Arizona Revised Statutes, as added by this act.

7 Sec. 10. Appropriation; school facilities board; exemption

8 A. The sum of \$500,000 is appropriated from the state general fund in
9 fiscal year 2016-2017 to the school facilities board for one-time funding for
10 transaction costs associated with the Arizona public school credit
11 enhancement program established by section 15-2155, Arizona Revised Statutes,
12 as added by this act.

13 B. The appropriation made in subsection A of this section is exempt
14 from the provisions of section 35-190, Arizona Revised Statutes, relating to
15 lapsing of appropriations, except that all monies remaining unexpended and
16 unencumbered on June 30, 2018 revert to the state general fund.

APPROVED BY THE GOVERNOR MAY 10, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 10, 2016.

Passed the House May 4, 2016,

by the following vote: 32 Ayes,

28 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

Passed the Senate May 3, 2016,

by the following vote: 18 Ayes,

12 Nays, 0 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

4th day of May, 2016,

at 2:07 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 10th day of

May, 2016,

at 8:57 o'clock A. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 10th day of May, 2016,

at 11:39 o'clock A. M.

[Signature]
Secretary of State

S.B. 1531